



STATE BOARD OF EQUALIZATION

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BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU, Ph.D.
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
June 24, 2008
NOTICE AND AGENDA
Meeting Agenda (as of 7:31 a.m., 6/24/08)**

Agenda Changes

Webcast Audio on Tuesday, June 24, 2008

**9:30 a.m. Board Committee Meeting Convenes*
Board Meeting Convenes upon Adjournment of the Board Committee Meeting****

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair, Dr. Chu, may modify the order of the items on the agenda.

Board Committee Meetings*

Business Taxes Committee+..... Ms. Yee, Committee Chairwoman

1. Proposed regulatory changes to clarify application of tax to sales of meal replacement products - Sales and Use Tax Regulation 1591, *Medicines and Medical Devices* and Regulation 1602, *Food Products*

Customer Services and Administrative

Efficiency Committee+..... Mr. Leonard, Committee Chair

1. Administrative Settlement Program Report and Recommendations
Report and Recommendations on Board of Equalization's Administrative Settlement Program Policies and Procedures
2. Report on Procedures for Unclaimed Property Being Held by State Controller's in Board of Equalization's Name
Update on Board of Equalization's efforts to resolve the properties that have been escheated to the State Controller's Office

Property Tax Committee+..... Ms. Steel, Committee Chair

1. Discussion of Future Valuation Factor Studies for Specific Industries and Equipment+

Board Meeting****Special Presentation Dr. Chu**

- Presentation of Retirement Resolution
Joseph D. Young

Oral Hearings

- A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Hearings
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- B1. Carlos M. Alcala and Norma Alcala, 259159
For Appellant: Carlos Alcala, Taxpayer
Norma Alcala, Taxpayer
Gloria Villareal, Bookkeeper
Manuel Conde, Witness
For Franchise Tax Board: Diane Ewing, Tax Counsel

- B2. Kyle Rosier, 397169
For Appellant: Kyle Rosier, Taxpayer
For Franchise Tax Board: Renel A. Sapiandante, Tax Counsel

C. Sales and Use Tax Appeals Hearings
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- C1. Linkus Enterprises, Inc., 334425 (KH)
For Petitioner: Jon Warren, Representative
For Department: Kevin Hanks, Hearing Representative

- C2. James Asher Finegold and Dana Lee Finegold, 351626 (UT)
For Petitioner: James A. Finegold, Taxpayer
Dana L. Finegold, Taxpayer
John Barnard, Attorney
For Department: Carla Caruso, Tax Counsel

- C3. Ferede Beyene Negash and Lielti Desta Mesfi, 336999 (GH)
For Petitioner: Ferede Negash, Taxpayer
Lielti Mesfi, Taxpayer
Aschilew Jember, Representative
For Department: Robert Tucker, Tax Counsel

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings

1:30 p.m. Board Meeting Reconvenes**

Board Meeting**

F. Public Hearing

F1. Timber Harvest Values+..... Mr. Tang

On or before June 30, 2008, the Board shall estimate the immediate harvest values of and adopt schedules for each species or sub-classification of timber harvested between July 1 and December 31, 2008. Revenue and Taxation Code Section 38204[a].

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

G1. Legal Appeals MattersMr. Levine

- Petitions for Rehearing
 - 1a. Cigars By Chivas, Inc., 334787 (AP)
 - 1b. Cigars By Chivas, Inc., 334876 (ET)
- Hearing Notices Sent – No Response
 - 2a. Douglas Wayne Wright Jr., 351528 (CH)
 - 2b. Monica Laurene Bezore, 358675 (CH)
 - 3. Cargo Airline Transport, Inc., 350445 (UT)
 - 4a. AM-Farjo International, Inc., 360093 (AR)
 - 4b. Mian S. Qureshi and Farhat B. Pervaiz, 361774 (AR)
 - 5. Brett Carson Haynes, 333836 (KH)
- Petition for Release of Seized Property
 - 6. Ammar Gaber Said Awnallah, 429325 (ET)

G2. Franchise and Income Tax MattersMs. Kelly

- Decisions
 - 1. Alvina Bannister, 327650
 - 2. ~~Terry N. Black, 355231~~
 - 3. ~~Sandras Clark, 355234~~
 - 4. David L. Danek and Pimolmas Danek, 347639
 - 5. Seth D. Ehrlich and Cindy A. Ehrlich, 361464
 - 6. Robert O. Garner, 380431
 - 7. Jami Gibson, 395425
 - 8. Fred C. Haney and Jeannine A. Haney, 361322
 - 9. Duck Kim and Ingyu Kim, 357020

10. Martin Ortiz, 358670
11. William Simpkins, 250998
12. Loc B. Ta, 383531
- Decisions on Petitions for Rehearing
13. Vivian Fontenot, 391245
14. John Nelson and Ivy C. Nelson, 393411
- Hearing Notices Sent – No Response
15. William Amonette Anderson, 397348
16. Brandon J. Gaffney, 381176
17. Greg Galaski, 383410
18. Anthony Long, 383389

G3. Homeowner and Renter Property Tax**Assistance Matters.....Ms. Kelly**

- Decisions
 1. Jose Amezola, 346692
 2. Deborah Davis, 387815
 3. Arlene Fleck, 389593
 4. Roger Hoffman, 399438
 5. Richard Lopez, Sr., 359734
 6. Sandra Love, 387479
 7. Mary K. Martin (Deceased), 394348
 - ~~8. Diane J. Reed, 333196~~
 9. Rolfe Simonsen, 403756
 10. Enrico Varricchio, 386505

G4. Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. Ludlow Coated Products, LP, 414214 (OH)
 2. Rocky Mountain Log Homes, 288216 (OH)
- Relief of Penalty/Interest
 3. Hussmann Corporation, 441206 (OH)
 4. Fedex Kinko's/Print Services, Inc., 441208 (OH)
- Denials of Claims for Refund
 - ~~5. John Raymond Collins, 399683 (UT)~~
 - ~~6. Robert L. Reynolds, 424795 (KH)~~

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

- Credits and Cancellations
 1. O'Neil Group, Inc., 441800 (EH)
 2. Wireless Retail, Inc., 439843 (OH)
 3. Dot Hill Systems Corporation, 442263 (FH)
 4. Apex Design Technology, Inc., 439778 (EA)
 5. Clear Vision Management, Inc., 440337 (EH)
- Refunds
 6. Mike Campbell & Associates, Ltd., 442334 (AP)
 7. Nissan North America, Inc., 421912 (OH)
 8. Oakley, Inc., 336750 (EA)

9. I-Flow Corporation, 441176 (EA)
10. Sharper Image Corporation, 439856 (BH)
11. Schwing America, Inc., 381465 (OH)
12. Lone Oak Veterinary Clinic, Inc., 401313 (KH)
13. Gottschalks, Inc., 441170 (KH)
14. Cart Mart, Inc., 405440 (FH)
15. First Future Credit Union, 416572 (FH)
16. J-M Manufacturing Company, Inc., 425717 (OH)
17. Valley First Credit Union, 383236 (KH)
18. Compuware Corporation, 386557 (OH)
19. Dresser Rand Company, 243917 (OH)
20. Nellson Nutraceutical, Inc., 442338 (AP)
21. Larry Green Chrysler Plymouth Dodge Eagle, Inc., 434821 (EH)
22. Palomar Technologies, Inc., 432419 (FH)
23. Home Shopping, LP, 318294 (OH)
24. Infineon Technologies Corporation, 423699 (GH)
25. Paper Machinery Corporation, 421801 (OH)
26. Amtek (USA) Enterprises, Inc., 437740 (GH)
27. Owens & Minor Distribution, Inc., 346670 (OH)
28. Six Leasing, Inc., 439789 (EH)
29. Convergent Media Systems Corporation, 316349 (OH)
30. Guardian Building Products Distribution, Inc., 421812 (OH)
31. United Auto Credit Corporation, 430063 (EA)
32. Water & Power Community Credit Union, 334165 (AS)
33. County Schools Federal Credit Union, 331821 (AR)
34. Kern Schools Federal Credit Union, 432422 (AR)
35. Newegg, Inc., 432588, (AP)

G6. Special Taxes Matters Mr. Gau

- Relief of Penalty
 1. Ralphs Grocery Company, 431287 (ET)

G7. Special Taxes Matters – Credits, Cancellations, and Refunds..... Mr. Gau

- Credit and Cancellation
 1. Hunsaker & Sons, Inc., 388737 (MT)
- Refunds
 2. Sentry Life Insurance Company, 397178 (ET) ‘CF’
 3. The Wine Group, LLC, 417145 (ET) ‘CF’
 4. Metropolitan Life Insurance Company, 433462 (ET) ‘CF’
 5. Standard Life Insurance Company of Indiana, 431684 (ET) ‘CF’

There are no items for the following matters:

- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

H1. Legal Appeals MattersMr. Levine

- Hearing Notices Sent – No Response
 4. ~~International Investment Properties, Inc., 313013 (KH)~~
 2. K.V.L., Inc., 263001 (AR)
- Cases Heard But Not Decided
 3. The Coca Cola Company, 286352, 193081, 288534 (OH)
 4. Tarek Anwar Nada, 305290 (CH)

H2. Franchise and Income Tax MattersMs. Kelly

- Decisions
 1. Byron Hoffman, 381469
 2. Thomas Jones, 383406
 3. Steven R. Olmos, 342009
 4. Margaret Rogers, 382827
 5. ~~Robin J. Steele, 342595~~

H3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.

H4. Sales and Use Taxes Matters Ms. Henry

- Denial of Relief of Penalty/Interest
 1. Atlantic Richfield Company, 433808 (AA)

There are no items for the following matters:

- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6. Special Taxes Matters
- H7. Special Taxes Matters – Credits, Cancellations, and Refunds
- H8. Property Tax Matters
- H9. Cigarette License Fee Matters
- H10. Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)**I1. Property Taxes MattersMr. Gau**

- Private Railroad Car Tax Refunds
 - 1a. Mallard Transportation Company (603) “CF”
 - 1b. Rocky Mountain Transportation (6062) “CF”

I2. Offers-in-Compromise RecommendationsMs. Ogrod/Ms. Fong

1. Barton Magner

Chief Counsel Matters

J. Rulemaking

Section 100 Change to Regulation

- J1. Proposed Amendments to Hazardous Substances Tax
 Regulation 3000, *Generator of Hazardous Waste*+ Ms. Scott

Staff Memorandum and Recommendation on Proposed Correction to Regulation 3000 to eliminate an erroneous internal reference in the regulation as originally adopted in 1999.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

Administrative Session

N. Consent Agenda Ms. Olson

N1. Retirement Resolutions+

- Tella R. Barreda
- Dennis W. Ensley
- Bonnie Jeanene Geller
- Carol A. Holman
- Jim Loman

N2. Approval of Board Meeting Minutes

- May 13, 2008+
- May 14, 2008+
- May 15, 2008+
- May 28, 2008+
- May 29, 2008+

~~N3. Adoption of Property Tax Forms+~~

New Forms

- ~~BOE-65-P~~ ~~Claim for Intracounty Transfer of Base Year Value for Property Damaged or Destroyed in a Governor-Declared Disaster to Replacement Property~~
- ~~BOE-502-D~~ ~~Change in Ownership Statement, Death of Real Property Owner~~
- ~~BOE-577-A~~ ~~20-Airport Operations Report~~

Revised Forms

- ~~BOE-58-AH~~ ~~Claim for Reassessment Exclusion for Transfer Between Parent and Child~~
- ~~BOE-58-G~~ ~~Claim for Reassessment Exclusion for Transfer from Grandparent to Grandchild~~
- ~~BOE-62-DP~~ ~~Claim for Reassessment Reversal for Registered Domestic Partners~~
- ~~BOE-67-A~~ ~~Notice of Supplemental Assessment (Counties without Section 1605(c) Provisions)~~
- ~~BOE-67-B~~ ~~Notice of Supplemental Assessment (Counties with Section 1605(c) Provisions)~~
- ~~BOE-260~~ ~~20_Certificate and Affidavit for Exemption of Work of Art~~
- ~~BOE-260-A~~ ~~20_Certificate and Affidavit for Exemption of Certain Aircraft~~
- ~~BOE-261-G~~ ~~20_Claim for Disabled Veterans' Property Tax Exemption~~
- ~~BOE-261-GNT~~ ~~2009 Disabled Veterans' Exemption Change of Eligibility Report~~
- ~~BOE-267~~ ~~Claim for Welfare Exemption (First Filing)~~
- ~~BOE-267-A~~ ~~20_Claim for Welfare Exemption (Annual Filing)~~
- ~~BOE-267-L~~ ~~Welfare Exemption Supplemental Affidavit, Housing-Lower Income Households~~
- ~~BOE-267-L1~~ ~~Welfare Exemption Supplemental Affidavit, Low-Income Housing Property of Limited Partnership~~
- ~~BOE-277~~ ~~Claim for Organizational Clearance Certificate-Welfare Exemption~~
- ~~BOE-277-L1~~ ~~Claim for Supplemental Clearance Certificate for Limited Partnership, Low-Income Housing Property-Welfare Exemption~~
- ~~BOE-277-LLG~~ ~~Claim for Organizational Clearance Certificate-Welfare Exemption-Limited Liability Company~~
- ~~BOE-278-OCC~~ ~~Verification for Continued Eligibility of Organizational Clearance Certificate-Welfare or Veterans' Organization Exemption~~
- ~~BOE-278-SCC~~ ~~Verification for Continued Eligibility of Supplemental Clearance Certificate-Welfare Exemption~~
- ~~BOE-279~~ ~~Claim for Organizational Clearance Certificate-Veterans' Organization Exemption~~
- ~~BOE-502-AH~~ ~~Change of Ownership Statement, Real Property or Manufactured Homes Subject to Local Property Taxes~~
- ~~BOE-576-D~~ ~~Vessel Property Statement for 2009~~
- ~~BOE-577~~ ~~2009 Aircraft Property Statement~~

O. Adoption of Board Committee Reports and Approval of Committee Actions

- O1. Business Taxes Committee
- O2. Customer Services and Administrative Efficiency Committee
- O3. Property Tax Committee

P. Other Administrative Matters**P1. Executive Director's ReportMr. Hirsig**

- a. Report on time extensions to Calaveras, Colusa, Lassen, Los Angeles, Madera, Orange, Plumas, San Diego, Sutter, Tehama, Trinity and Yuba Counties to complete and submit 2008-09 Local Assessment Roll, pursuant to Revenue and Taxation Code Section 155+

- P2. Chief Counsel Report
There are no items for this matter.

P3. Deputy Director's Report

- There are no items for this matter:
- a. Sales and Use Tax

b. Property and Special TaxesMr. Gau

- 1. Status Report on Flavored Malt Beverage Regulations+

Staff to report on the implementation plan for the Flavored Malt Beverages Regulations: Regulation 2558, *Distilled Spirits*; Regulation 2559, *Presumption – Distilled Spirits*; Regulation 2559.1; *Rebuttable Presumption – Distilled Spirits*; Regulation 2559.3, *Internet List*; and Regulation 2559.5, *Correct Classification*

c. Administration+Ms. Houser

- 1. Proposed Fiscal Year 2008-2009 Budget Update
Feedback on the final Senate and Assembly Fiscal Sub-Committee budget actions
- 2. BOE Headquarters Building Update
Updated information regarding remediation projects

Announcement of Closed Session Ms. Olson**Q. Closed Session**

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11)
- Q2. Pending litigation: *Diageo-Guinness USA, Inc., Flavored Malt Beverage Coalition v. California State Board of Equalization*, Sacramento County Superior Court Case No. 34-2008-00013031 (Gov. Code § 11126(e))
- Q3. Pending litigation: *Schroeder, et al. v. State Board of Equalization, et al.* Superior Court of California for Sacramento County, Case No. 34-2008-00004467-CU-MT-GDS (Gov. Code § 11126(e)(2)(B)(i))
- Q4. Discussion and action on personnel matters (Gov. Code § 11126(a))

Announcement of Open Session Ms. Olson**Adjourn**

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The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail Claudia.Madrigal@boe.ca.gov if you require special assistance.

Diane G. Olson, Chief
Board Proceedings Division

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- ** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this Item.
- ++ Material will be available at a later date.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code Section 7.9.